



CareTrust REIT Inc (CTRE)

Updated August 14th, 2025 by Quinn Mohammed

Key Metrics

Current Price:	\$33	5 Year CAGR Estimate:	7.5%	Market Cap:	\$6.6 B
Fair Value Price:	\$28	5 Year Growth Estimate:	7.0%	Ex-Dividend Date¹:	09/30/2025
% Fair Value:	116%	5 Year Valuation Multiple Estimate:	-3.0%	Dividend Payment Date¹:	10/15/2025
Dividend Yield:	4.1%	5 Year Price Target:	\$40	Years of Dividend Growth:	9
Dividend Risk Score:	F	Sector:	Real Estate	Rating:	Hold

Overview & Current Events

CareTrust REIT Inc is a self-administered real estate investment trust which acquires, develops, and leases skilled nursing, seniors housing and other healthcare properties. The company's real estate portfolio comprises 393 skilled nursing facilities, multi-service campuses and assisted living facilities which consist of 35,719 operating beds and units located in 32 states and the U.K. Its primary locations are situated in California, Texas, Louisiana, Idaho, and Arizona. Revenue is generated primarily through leasing healthcare properties to healthcare operators in triple-net lease arrangements, where the tenant is solely responsible for the costs related to the property including taxes, maintenance, and repair costs. The corporation was spun off as a REIT in 2014 with 97 properties from The Ensign Group (NASDAQ: ENSG), which was formed in 1999. CareTrust REIT trades on the NASDAQ under the ticker symbol CTRE. The trust has a market capitalization of \$6.6 billion and is headquartered in San Clemente, California.

On May 12th, 2025, CareTrust completed its acquisition of Care REIT plc for a total purchase price of \$841 million, marking its entry into the UK market. Care REIT owns a real estate portfolio of 132 care homes, comprised of 7,500 operating beds in England, Scotland, and Northern Ireland. It is the company's largest acquisition, and adds \$68.6 million annualized rental revenue.

CareTrust reported second quarter 2025 results on August 6th, 2025. Normalized FFO rose by 58% to \$83.1 million but normalized FFO per share only improved 20% to \$0.43 as CareTrust's share count rose substantially. Normalized funds available for distribution (FAD) rose by seven cents to \$0.43 per share compared to the same prior year period, and represented a 78% payout ratio for the quarter. The trust collected 99.7% of contractual rents in the second quarter.

The company's net debt-to-annualized normalized run rate EBITDA equaled 2.0X, below CareTrust's target ratio of 4.0X to 5.0X. The company has \$65 million outstanding debt on its \$1.2 billion revolving credit line, \$65 million cash on hand, and no debt maturities until 2028.

The company raised its 2025 guidance following its acquisition of Care REIT, now expecting normalized FFO of \$1.75 to \$1.78 per share, and a weighted-average common share count of 195.3 shares.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
FFO	\$0.91	\$1.09	\$0.85	\$1.28	\$1.21	\$1.40	\$1.32	\$1.30	\$1.31	\$1.45	\$1.77	\$2.48
DPS	\$0.64	\$0.68	\$0.74	\$0.82	\$0.90	\$1.00	\$1.06	\$1.10	\$1.12	\$1.16	\$1.34	\$1.63
Shares²	37.5	56.2	72.9	79.4	93.1	95.3	96.6	97.3	121.9	182.2	195.3	220.0

CareTrust REIT was formed in 2014, and while funds from operations have been choppy in certain periods, the trust has increased its FFO per share by 5.3% and 3.7% annually on average in the past nine and five years. Beyond 2025, we estimate CareTrust can continue growing FFO per share by 7.0%.

The trust will continue acquiring skilled nursing and seniors care retirement homes to lease and build its real estate portfolio. CTRE has historically maintained an active deal pipeline in the \$125 million to \$150 million range, and today

¹ Estimate

² In thousands

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the investment pipeline is well above the top end of that range at \$600 million. As government relief funds have dwindled following the pandemic, and interest rates have risen, CTRE is seeing many skilled nursing assets come on to market where it can pick them up and move them into its operations.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/FFO	13.5	12.2	20.8	12.9	18.9	13.4	17.1	14.7	15.5	18.2	18.6	16.0
Avg. Yld.	5.8%	5.0%	4.0%	4.7%	3.7%	5.1%	4.6%	5.4%	5.5%	4.4%	4.1%	4.1%

CareTrust has traded at a P/FFO ratio of 15.7 on average over the past decade, and 15.8 on average in the past five years. While shares trade at 18.6 times estimated 2025 FFO per share, we peg fair value at 16.0 times FFO, implying the potential for a valuation headwind. The dividend yield of 4.1% is below the five-year average yield of 4.8%, another indicator that shares are slightly overvalued here.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	70%	62%	87%	64%	74%	71%	80%	85%	85%	80%	76%	66%

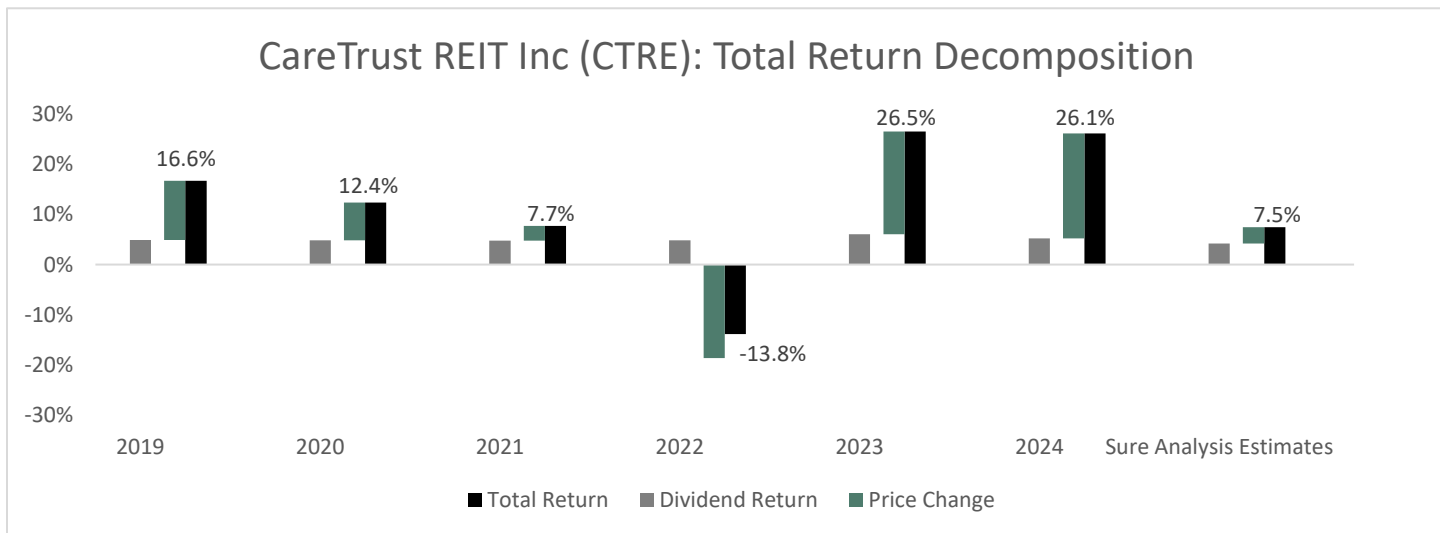
CareTrust's payout ratio has remained healthy throughout the trust's history. The company has a similar strategy to other healthcare REITs, but it maintains that its competitive strength lies in its geographically diverse property portfolio across 32 different states and the U.K., its long-term, triple-net lease structure which places many expenses on the operators rather than the trust, and its ability to identify talented operators with which to partner.

We don't have operating results dating back to the great financial crisis so we can't say for certain how CTRE would have performed, however some other healthcare REITs were able to increase FFO during this period, so we believe this trust also has some level of recession resiliency due to the industry it operates within. During the COVID crisis, the company continued to increase its FFO per share.

Final Thoughts & Recommendation

CareTrust has increased funds from operations per share effectively over the last decade and is now branching out into the UK with its acquisition of Care REIT. The company has also grown its dividend since inception, and we see this continuing into the future. Today, shares trade at 116% of our fair value estimate. We expect total returns of 7.5% over the intermediate term, and as a result, CTRE earns a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	74	104	131	155	159	176	190	188	199	228
Gross Profit	66	94	118	140	153	171	187	178	189	215
Gross Margin	89.4%	90.0%	90.1%	90.4%	96.3%	97.3%	98.1%	95.0%	95.0%	94.1%
SG&A Exp.	8	9	11	13	15	16	27	20	22	28
D&A Exp.	24	32	39	46	52	53	55	50	51	54
Operating Profit	34	52	57	82	85	102	104	104	116	123
Op. Margin	46.4%	50.3%	43.8%	52.9%	53.5%	58.0%	54.9%	55.4%	58.3%	53.8%
Net Profit	10	29	26	58	46	81	72	-8	54	125
Net Margin	13.6%	28.2%	19.7%	37.3%	29.1%	46.0%	37.8%	-4.0%	27.1%	54.8%
Free Cash Flow	40	64	89	99	120	137	151	137	144	236

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	673	925	1,185	1,292	1,519	1,504	1,641	1,621	2,085	3437
Cash & Equivalents	11	8	7	37	20	19	20	13	294	214
Accts Receivable	2	6	5	11	3	2	2	0	0	
Goodwill & Intang	0	2	2	2	2	2	1	3	5	4
Total Liabilities	411	473	590	524	591	589	725	771	666	508
Accounts Payable	9	12	17	16	15	20	25	24	34	56
Long-Term Debt	394	450	559	490	555	546	673	719	596	397
Total Equity	262	452	595	768	928	914	916	849	1,417	2908
LTD/E Ratio	1.50	0.99	0.94	0.64	0.60	0.60	0.74	0.85	0.42	0.14

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.7%	3.7%	2.5%	4.7%	3.3%	5.4%	4.6%	-0.5%	2.9%	4.5%
Return on Equity	5.3%	8.2%	4.9%	8.5%	5.5%	8.8%	7.9%	-0.9%	4.7%	5.8%
ROIC	1.8%	3.8%	2.5%	4.8%	3.4%	5.5%	4.7%	-0.5%	3.0%	4.7%
Shares Out.	37.5	56.2	72.9	79.4	93.1	95.3	96.3	96.7	106.2	155.2
Revenue/Share	1.98	1.86	1.80	1.96	1.71	1.85	1.98	1.94	1.87	1.47
FCF/Share	1.08	1.15	1.22	1.25	1.29	1.44	1.57	1.42	1.36	1.52

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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